

Agricultural Research Service, USDA

§ 550.22

(Pub. L. 101-453) govern, payment methods of State agencies, instrumentalities, and fiscal agents shall be consistent with CMIA Treasury-State Agreements or the CMIA default procedures codified at 31 CFR part 205, "Rules and procedures for efficient Federal State funds transfer."

(6) Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

(7) Accounting records including cost accounting records that are supported by source documentation.

(c) Where bonds are required in the situations described above, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties, as prescribed in 31 CFR part 223, "Surety Companies Doing Business with the United States."

§ 550.21 Funding availability.

The funding period will begin on the date of final signature, unless otherwise stated on the agreement, and continue for the project period specified on the cover page of the cooperative agreement.

§ 550.22 Payment.

(a) Payment methods shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and the issuance or redemption of a check, warrant, or payment by other means by the Cooperators. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR part 205.

(b) Reimbursement is the preferred method of payment. All payments to the Cooperator shall be made via EFT.

(1) When the reimbursement method is used, the REE Agency shall make payment within 30 days after receipt of the billing, unless the billing is improper.

(2) Cooperators shall be authorized to submit requests for payment not more than quarterly and not less frequently than annually.

(3) Content of Invoice.

At a minimum, the Cooperator's invoice shall state the following:

(i) The name and address of the Cooperator;

(ii) The name and address of the PI;

(iii) The name and address of the financial officer to whom payments shall be sent;

(iv) A reference to the cooperative agreement number;

(v) The invoice date;

(vi) The time period covered by the invoice; and

(vii) Total dollar amount itemized by budget categories (labor, direct costs, and indirect costs, etc.).

(4) To facilitate the EFT process, the Cooperator shall provide the following information:

(i) The name, addresses, and telephone number of the financial institution receiving payment;

(ii) The routing transit number of the financial institution receiving payment;

(iii) The account to which funds are to be deposited; and

(iv) The type of depositor account (checking or savings).

(c) If the REE Agency has determined that reimbursement is not feasible because the Cooperator lacks sufficient working capital, the REE Agency may provide cash on an advance basis provided the Cooperator maintains or demonstrates the willingness to maintain: Written procedures that minimize the time elapsing between the transfer of funds and disbursement by the Cooperator, and financial management systems that meet the standards for fund control and accountability as established in § 550.20. Under this procedure, the REE Agency shall advance cash to the Cooperator to cover its estimated disbursement needs for an initial period. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the Cooperator organization for direct program or project costs and the proportionate share of any allowable indirect costs.

(1) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer.

(2) Advance payment mechanisms are subject to the requirements of 31 CFR part 205.

(3) Requests for advance payment shall be submitted on SF-270, "Request

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for Advance or Reimbursement.” This form is not to be used when advance payments are made to the Cooperator automatically through the use of a predetermined payment schedule or if precluded by special REE Agency instructions for electronic funds transfer.

(4) Cooperators shall maintain advances of Federal funds in interest bearing accounts, unless § 550.22(c)(4)(i), (ii), or (iii) applies.

(i) The Cooperator receives less than \$120,000 in Federal awards per year.

(ii) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances.

(iii) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(5) For those entities where CMIA and its implementing regulations do not apply, interest earned on Federal advances deposited in interest bearing accounts shall be remitted annually to Department of Health and Human Services, Payment Management System, Rockville, MD 20852. The Cooperator for administrative expense may retain interest amounts up to \$250 per year. State universities and hospitals shall comply with CMIA, as it pertains to interest. If an entity subject to CMIA uses its own funds to pay pre-award costs for discretionary awards without prior written approval from the REE Agency, it waives its right to recover the interest under CMIA. Thereafter, the REE Agency shall reimburse the Cooperator for its actual cash disbursements.

(6) Whenever possible, advances shall be consolidated to cover anticipated cash needs for all awards made by the REE Agency to the Cooperator. The working capital advance method of payment shall not be used for Cooperators unwilling or unable to provide timely advances to their subrecipient to meet the subrecipient’s actual cash disbursements.

(d) To the extent available, Cooperators shall disburse funds available from repayments to and interest earned on program income, rebates, refunds, contract settlements, audit recoveries and

interest earned on such funds before requesting additional cash payments.

(e) Unless otherwise required by statute, REE Agencies shall not withhold payments for proper charges made by Cooperators at any time during the project period unless the conditions of paragraphs (e)(1) or (2) of this section apply.

(1) A Cooperator has failed to comply with the project objectives, the terms and conditions of the award, or REE reporting requirements.

(2) The Cooperator owes a debt to the United States which is subject to offset pursuant to 7 CFR part 3 and Federal Clause Collection Standard; 31 CFR parts 901 through 904.

(f) Standards governing the use of banks and other institutions as depositories of funds advanced or reimbursed under awards are as follows:

(1) Except for situations described in § 550.22(f)(2), REE Agencies shall not require separate depository accounts for funds provided to a Cooperator or establish any eligibility requirements for depositories for funds provided to a Cooperator. However, Cooperators must be able to account for the receipt, obligation and expenditure of funds.

(2) Advances of Federal funds shall be deposited and maintained in insured accounts whenever possible.

§ 550.23 Program income.

(a) REE Agencies shall apply the standards set forth in this section in requiring Cooperator organizations to account for program income related to projects financed in whole or in part with Federal funds.

(b) Except as provided in § 550.23(f), program income earned during the project period shall be retained by the Cooperator and shall be added to funds committed to the project by the REE Agency and Cooperator and used to further eligible project or program objectives.

(c) Cooperators shall have no obligation to the Federal Government regarding program income earned after the end of the project period.

(d) Costs incident to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award.